

The purpose of this amendment is to address an inquiry from a prospective offeror and to clarify information provided in Amendment 0008 regarding the preproposal conference as follows:

- A. Question from a prospective offeror:** Please define the “Disaster Recovery Ratio” contained in the Financial Strength Ratio Table, Section L.4.5, Page 66. How do we derive this ratio?

Response: The Disaster Recovery Ratio (DRR) is a measure of the current maximum expected cost of system restoration to the capital investment capacity of an offeror. The calculation methodology is as follows:

Disaster Recovery Cash Requirement (DRCR):

Replacement Cost New times Maximum Recovery Ratio

Maximum Recovery Ratio = Maximum Proportion of Utility System Destroyable in a Disaster

Maximum Proportion of Utility System Destroyable in a Disaster =

| | |
|----------------------------------|----------------------------------------------|
| Electric – Mostly Overhead | = 75% x Utility Plant (Replacement Cost New) |
| Electric – Mostly Underground | = 15% x Utility Plant (Replacement Cost New) |
| Natural Gas | = 20% x Utility Plant (Replacement Cost New) |
| Water – with Elevated Storage | = 35% x Utility Plant (Replacement Cost New) |
| Water – without Elevated Storage | = 10% x Utility Plant (Replacement Cost New) |
| Wastewater – with Treatment | = 35% x Utility Plant (Replacement Cost New) |
| Wastewater – without Treatment | = 10% x Utility Plant (Replacement Cost New) |

Disaster Recovery Ratio (DRR) = DRCR / Total Capital

- B.** Please note: The preproposal conference and site visit is scheduled for Tuesday, January 28, 2003 only and will be for the Water Distribution and Wastewater Collection Systems only. If you wish to submit questions in advance, please forward to Laurie Carlson at: lcarlson@desc.dla.mil.